

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: SECOND PAYMENT AGREEMENTS [199 IAC 19.4(10)"c" and 20.4(11)"c"]	DOCKET NO. RMU-03-12
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ORDER COMMENCING RULE MAKING

(Issued August 15, 2003)

On July 29, 2003, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a petition pursuant to Iowa Code §§ 17A.7(1) and 17A.7(2) requesting the Utilities Board (Board) amend paragraphs 199 IAC 19.4(10)"c" and 20.4(11)"c" to require a utility to offer a customer a second payment agreement in certain circumstances. This proceeding has been identified as Docket No. RMU-03-12. Consumer Advocate states that the Board has advised the public that natural gas prices may be very high during the 2003-2004 heating season and customers may receive higher than normal heating bills. Consumer Advocate states that low-income customers would be affected dramatically by these high heating bills and may then be subject to disconnection. Consumer Advocate states that the proposed amendments will ensure these low-income customers are offered a second payment agreement before disconnection can occur.

Under the Board's current rules, a utility may offer a customer a second agreement but it is not required to offer the second agreement. Consumer Advocate

does not propose changing the current requirement that the second payment agreement be paid off by the following October 15th. Consumer Advocate suggests the Board adopt the amendments proposed in this rule making for these two paragraphs and that the Board not adopt the amendments currently under review in Docket No. RMU-03-3. In that Docket the Board has proposed to eliminate the language in the current rule that requires the second payment agreement to be paid by the succeeding October 15th.

Pursuant to the authority of Iowa Code §§ 17A.4, 17A.7, 476.1, 476.2, and 476.20 (2003), the Board will issue this "Order Commencing Rule Making" and the "Notice of Intended Action" attached hereto and incorporated herein by reference. The "Notice of Intended Action" indicates that comments are to be filed by September 26, 2003. The Board requests that utilities provide an estimate of any additional costs to the utility and the number of customers that may be affected if the amendments are adopted. An oral presentation is scheduled for November 6, 2003, at 10 a.m. in the Board's hearing room.

IT IS THEREFORE ORDERED:

1. A rule making proceeding identified as Docket No. RMU-03-12 is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.
2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to this order.

3. Comments filed by a gas or electric utility should include an estimate of any additional costs to the utility and the number of customers that may be affected if the amendments are adopted.

4. A copy of this order and the attached "Notice of Intended Action" shall be sent to all natural gas and electric utilities.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 15th day of August, 2003.

UTILITIES DIVISION [199]

Notice of Intended Action

Pursuant to Iowa Code sections 17A.4, 17A.7, 476.1, 476.2, and 476.20, the Utilities Board (Board) gives notice that on August 15, 2003, the Board issued an order in Docket No. RMU-03-12, In re: Second Payment Agreements, "Order Commencing Rule Making." The rule making is in response to a petition for rule making filed July 29, 2003, by the Consumer Advocate Division of the Department of Justice, proposing amendments to paragraphs 199 IAC 19.4(10)"c" and 20.4(11)"c." The proposed amendments would require a utility to offer a customer who has broken a payment agreement, the opportunity to enter into a second payment agreement that would be paid off by the following October 15th. The support for the proposed amendments is discussed in the Board's "Order Commencing Rule Making" issued concurrently with this Notice. The order can be accessed on the Board's Web site at www.state.ia.us/iub.

The Board, in Docket No. RMU-03-3, is reviewing amendments to these same paragraphs and the amendments proposed in that rule making may effect this rule making. The proposed amendments in Docket No. RMU-03-3, were published in IAB Vol. XXV, No. 20 (4/2/30) pp. 1324-34, ARC 2378B. The Board has not taken final action in that rule making.

Pursuant to Iowa Code section 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before September 26, 2003, by filing an original and ten copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069. The Board requests that utilities provide an estimate of any additional costs the utility will incur and the number of customers that may be affected if the amendments are adopted.

A public hearing to receive oral comments on the proposed amendments will be held at 10 a.m. on November 6, 2003, in the Board's hearing room at the address listed above. Persons with disabilities who require assistive services or devices to observe or participate should contact the Utilities Board at (515)281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

These amendments are intended to implement Iowa Code sections 17A.4, 476.1, 476.2, and 476.20.

The following amendments are proposed.

Item 1. Amend paragraph 19.4(10)"c" as follows:

c. Terms. The agreement may require the customer to bring the account to a current status by paying specific amounts at scheduled times. The utility shall offer customers or disconnected customers the option of spreading payments evenly over

at least 12 months. Payments for potential customer agreements may be spread evenly over at least 6 months.

The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules.

When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer, disconnected customer, or potential customer.

The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility will render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement. The document will be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement.

Second agreement. If a customer has retained service from November 1 through April 1 but is in default of a payment agreement, the utility ~~may~~ shall offer the customer a second payment agreement that will divide the past-due amount into equal monthly payments with the final payment due by the 15th day of the next October. The utility may also require the customer to enter into a level payment plan to pay the current bill.

The customer who has been in default of a payment agreement from November 1 to April 1 may be required to pay current bills based on a budget estimate of the customer's actual usage, weather-normalized, during the prior 12-month period or based on projected usage if historical use data is not available.

Item 2. Amend paragraph 199 IAC 20.4(11)"c" as follows:

c. Terms. The agreement may require the customer to bring the account to a current status by paying specific amounts at scheduled times. The utility shall offer customers or disconnected customers the option of spreading payments evenly over at least 12 months. Payments for potential customer agreements may be spread evenly over at least 6 months.

The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules.

When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer, disconnected customer, or potential customer.

The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility will render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement. The document will be considered rendered to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last-known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement.

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The customer who has been in default of a payment agreement from November 1 to April 1 may be required to pay current bills based on a budget

estimate of the customer's actual usage, weather-normalized, during the prior 12-month period or based on projected usage if historical use data is not available.

August 15, 2003

/s/ Diane Munns

Diane Munns
Chairman